



U.S. Congress

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2006 JAN 20 A 10:18

General Counsel's Office
Federal Election Commission
99 East Street NW
Washington, DC 20463

RE: MUR 5690

Dear Sir or Madam:

I am writing to respond to the complaint filed against the Jim Gerlach for Congress Committee (MUR 5690) submitted by Lois Murphy.

Ms. Murphy has organized her complaint into 10 subsections. I am choosing to respond to each subsection of this complaint in the order that it is listed (copy attached). As evidenced by my responses, the Gerlach campaign believes that due to software and administrative errors, mistakes were made in the preparation of our campaign finance reports. These mistakes had no bearing on the actual amount of money raised or expended by the Gerlach campaign. The Gerlach campaign, however, strongly objects to the Murphy campaign's misuse of the FEC complaint system, which is an important tool in the protection and integrity of campaign finance laws. As is evidenced by my responses below, two of the Murphy assertions are not FEC issues. We strongly urge the Commission to review the Murphy complaint with the knowledge that the Murphy campaign is using the complaint system as a political versus legal tool.

Response to Murphy Assertion I: The names of each contributor who made a contribution through JCII were accurately and completely disclosed during the 2004 election cycle. Please find attached a letter from the assistant Treasurer of JCII (Exhibit A) evidencing that there were no additional names of contributors to itemize from the final distribution.

Response to Murphy Assertion II: The total election cycle to date receipts and disbursements reported on the 2004 Year end, April, July and October 2005 quarterly reports are incorrect. The campaign uses a software package to aid in the preparation of its campaign finance reports. The total election cycle to date totals are generated by the software by entering the date of the previous election cycle, and then compiling the totals from the previous election day through the ending date of each reporting cycle. The errors occurred when an incorrect previous election date was entered, resulting in incorrect election cycle to date totals for the 2004 year end, April 2005, July 2005, and October 2005 quarterly reports.



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To correct these errors, the reports for these periods have been amended and filed on January 19, 2006.

Response to Murphy Assertion III: Lines 11a (i), 11a (ii), and 20c of the October 2005 quarterly report were incorrect as a result of the reporting of refunded contributions. The October 2005 quarterly report was amended on January 19, 2006 to reclassify the refunded contributions from Line 11a to line 20a, as refunds to individuals.

Response to Murphy Assertion IV: This assertion is redundant because it was addressed in Accusation III. Refunded contributions were incorrectly reported as a negative receipt on the October 2005 quarterly report. Consequently, the total amount of contributions was incorrect on the original filing of the October 2005 Quarterly report. This report was amended on January 19, 2006.

Response to Murphy Assertion V: In accordance with 2 U.S.C. Sect 434(b) (2) and in an attempt to avoid misleading the public, amendments were filed in the past when errors were discovered subsequent to the filing of the Year end and quarterly reports.

Response to Murphy Assertion VI:

- Both Beth and Ross Myers each made contributions on 11/18/2004 for \$2000 and on 3/29/2005 for \$100, totaling \$2100 for the election cycle. Consequently, the election cycle to date totals for the Myers' were accurately reported.
- Robert Sataloff made contributions on 11/2/2005 for \$500 and on 3/7/2005 for \$75. Since the \$500 contribution was made in the previous election cycle, the April 2005 quarterly report should not have included the \$500 contribution in the election cycle to date amount. It will be amended to properly reflect Mr. Sataloff's election cycle to date total. This error occurred due to the use of an incorrect previous election date in the software that generates the campaign finance reports (mentioned in response to assertion II). Upon amendment, Mr. Sataloff's contribution will no longer appear because it is under the \$200 threshold for itemization.

Response to Murphy Assertion VII: As a result of a staff oversight, a letter was not sent to Mr. Perzel within 60 days to request a designation of a portion of his contribution to the general election cycle. Consequently, we have refunded \$1900 of Mr. Perzel's contribution. A copy of the refund check sent to the Treasurer of the Friends of John Perzel and is enclosed as evidence of the issuance of the refund (Exhibit B). I will



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forward evidence of the check clearing the campaign's bank account upon notification from the bank.

Response to Murphy Assertion VIII: This assertion claimed that a contribution from Mr. Richard Ireland was a corporate contribution. This contribution was not a corporate contribution. The contribution was received from Warner Road Associates, a PA Partnership, and was properly designated to Mr. Ireland per the instructions received with the contribution. A copy of the correspondence received from Mr. Ireland is attached as evidence (see Exhibit C).

Response to Murphy Assertion IX: The campaign received a notice from the Internal Revenue Service requesting that portions of fees paid to a fundraising consultant be remitted to them. Upon receipt of the notice, the campaign complied with the request and began making the remittances. If the Commission prefers that the transactions be presented differently, we will comply with it's request. The Gerlach campaign believes the FEC is not the proper forum for this assertion.

Response to Assertion X: The campaign is familiar with and is complying with the rules regarding worker classification (specifically, Rev. Ruling 87-41). The services provided by each individual have been and will be continued to be evaluated on a regular basis to ensure that the campaign is complying with applicable laws. In the future, descriptions of the services provided by individuals will be disclosed on campaign reports in a less ambiguous manner. The Gerlach campaign believes the FEC is not the proper forum for this assertion.

If you have any questions, please do not hesitate to contact me at

Sincerely

Michael A. DeHaven, CPA
Treasurer

MEMORANDUM

**TO: MIKE DEHAVEN
JIM GERLACH FOR CONGRESS**

**FROM: LISA LISKER
ASSISTANT TREASURER, 2004 JCC II**

DATE: JANUARY 4, 2006

RE: DISTRIBUTION MEMOS

This memorandum verifies that the 2004 Joint Candidate Committee II sent only one list of memo entries for all five distributions received by participant committees. The final distributions sent to participating committees on 12/14/04 consisted of the remaining net funds after all final expenses had been received.

All donors were previously sent to each participant and itemized on earlier FEC reports. Therefore, no further itemization was required.

27044154609

Exhibit B

2256

DATE June 5, 2006

PAY TO the order of Friends of John Perzel \$ 1900.00

Nine thousand 00/100 DOLLARS

First Financial Bank
www.firstfinancial.com

MEMO Al C. Anderson

© 2006 FIRST FINANCIAL BANK

**Warner Road Associates
P.O. Box 837
Valley Forge, PA 19482
Ph: (610)-687-2400 Fax: (610)-254-0666**

July, 28 2005

Alan J. Randzin, Campaign Treasurer
Gerlach U.S. Congress
P.O. Box 87
Uwchland, PA 19480-0087

Richard W. Ireland, Partner
Warner Road Associates
P.O. Box 837
Valley Forge, PA 19482

Dear Alan:

Please accept this contribution to the Jim Gerlach for Congress Campaign from the Warner Road Associates partnership.

This is a Pennsylvania Limited Partnership. The two partners are Brian McElwee and myself. The contribution should be credited to my contributions under the federal campaign finance laws.

If there are any other questions or problems please don't hesitate to contact my son, Jon Ireland at (610) 687-2400.

Thank you for your help.

Sincerely,

Richard W. Ireland

27044154610

27044154611

Warfield and Associates
P.O. Box 837
Valley Forge, PA 19482

DATE July 15 2005

AMOUNT \$100.00

Two Hundred Dollars And 00 Cents

PAID TO THE ORDER OF

The Jim Gerlach for Congress Campaign
Committee

Barbara M. Gerlach
C. Gerlach

THE ORIGINAL DOCUMENT HAS A REFLECTIVE WATERMARK ON THE BACK. HOLD AT AN ANGLE TO VIEW WHEN CHECKING THE ENDORSEMENT.

Exhibit C

1/11